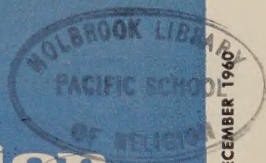


# social action



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## STRATEGY FOR WORLD ECONOMIC DEVELOPMENT

Richard M. Fagley • Willard L. Thorp • Ernest S. Griffith • Vernon Ferwerda • Hugo W. Thompson

# social action

December, 1960

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## Strategy for world economic development

**H**ow can the low-income countries of the world be helped to catch up with the twentieth century? The Commission of the Churches on International Affairs and other agencies have spoken about the need for a more adequate strategy of economic and social development to achieve this end. In August 1958, the Central Committee of the World Council of Churches commended to the churches a statement on "Christian Concerns in

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Economic and Social Development" which stated in succinct form the major elements of such strategy. The seven points of this statement offer, in my judgment, the clearest available index as to the way forward. The elements in the proposed strategy are:

- Balance in programs of development.
- Better correlation of aid.
- Larger grants and more generous long-term loans.
- Adjustments in domestic economies to make more aid possible.
- Greater consideration of the international effects of trade and monetary policies.
- Extension of international private investment.
- Honorable administration of all programs of development.

In order to assess the current situation, let us note some of the trends and events of the past two years in relation to the seven objectives.

## **BALANCE IN PROGRAMS OF DEVELOPMENT**

This objective reflects awareness of the fact that a haphazard and unplanned combination of development or assistance projects does not necessarily mean success in achieving higher levels of production and consumption. Only a wise strategy which sees the various development problems in their interrelationship offers hope of such progress. As Mr. Hammarskjöld reported to the recent meeting of the Economic and Social Council (ECOSOC), balanced economic growth is "gradually emerging as a central concept permeating public policy thinking in almost all countries."

### **Need for basic public improvements**

For one thing, the question of the economic and social infrastructure is being examined more responsibly. Mr. Paul Hoffman, assaying the experience of the 1950s, writes:

Entirely too little was invested in basic public improvements, such as educational and health facilities, agricultural extension services, and the like. Investment of this kind may not yield immediate financial returns, but it is necessary if private capital, both domestic and foreign, is to be attracted or if public investment in production is to be soundly based.

## **Need for preliminary studies**

Mr. Hoffman, both in his private capacity and as director of the UN Special Fund, has been stressing pre-investment programs—surveys of resources, technical training, and industrial research. The major undertakings of the Fund to date have been surveys to reveal natural wealth and projects aimed at “a fuller utilization of the human resources of the low-income countries”—which is the greatest asset of any nation. At the May 1960 meeting of the Fund’s Governing Council, Mr. Hoffman urged a broadened effort to help finance teacher-training programs in countries such as those in Africa where a shortage of trained personnel creates acute social problems. UN Under-Secretary Philip de Seynes pointed out in July 1960:

In industrialized countries the rate of progress . . . is closely bound up with an increase in expenditure on research and pre-investment. In most of these countries such expenditure amounts to at least 2 per cent of the national income, and this percentage rises considerably if what is called pre-investment is taken to include expenditure on education, training of higher staff and health. An at least equivalent level of expenditure should be regarded as essential in the underdeveloped countries; but present figures . . . amount to only a small fraction of it.

## **Dangerous increase in the population**

The problem that is most neglected in international discussions is that of excessive growth in the population. Through the dramatic success of internationally-aided public health programs the death rate is declining. The result is that the two billion people of the low-income societies are increasing at an annual rate of roughly 2 per cent. This rate portends a doubling of the world’s population in one generation. The jeopardy in which such pressures place the struggle for improved material conditions of life is obvious. The hard-won economic advances of the poorer countries are being eaten up by a burgeoning population. Demographic issues have been receiving more attention in recent discussions of development in the United Nations.

A potentially important step was taken last summer in the U.S. when the President’s Committee headed by William Draper pointed out that “unless the relationship between the present trends of population growth and food production [in the eco-



nomically underdeveloped areas] is reversed, the already difficult task of economic development will become a practical impossibility!" The Committee recommended that the U.S. "assist . . . countries . . . , on request, in the formulation of their plans designed to deal with the problem of rapid population growth," as well as increase aid for maternal and child welfare programs and support research in regard to practical programs. While President Eisenhower rejected the idea of foreign aid for family planning, it seems clear that this is not the last word on the subject. On the other hand, there are no easy answers, in view of the social and cultural obstacles to family limitation.

### **Better balance needed between areas**

There is another aspect of balance that deserves mention, namely, the overall balance of international assistance in relation to the varying claims and needs of countries and regions. Bilateral efforts of the high-income nations tended to follow the lines of political interest or military danger. The much smaller contributions through the United Nations have had to be distributed among some 140 countries and territories. The needs of countries with critical economic problems have received much less consideration. Among such countries are India, Indonesia (Java), the United Arab Republic (Egypt), and mainland China.

India, for example, according to a 1960 study of the Food and Agriculture Organization of the UN, had in 1954-6 a per capita consumption of 1,880 calories per day, with 50 grams of protein, including 5 from animal products. (The per capita consumption in Australia was 3,230 calories including 91 grams of protein of which 59 came from animal sources.) This is an adequate level of consumption; but, even so, India must meet a grain shortage each year of 3 million tons. According to a Ford Foundation study, grain output in India must rise from a peak yield of 73½ million tons in 1959 to 110 million tons by 1966 if the increased population is to be fed and famine averted. Yet this critically situated country, which accounts for 20 per cent of the population of the underdeveloped world, received during the past two years only 10 per cent of public international aid and 1 to 2 per cent of the private capital invested internationally in low-income societies.

It is paradoxical but true that the country that is concentrating assistance in some of the countries with critical economic problems is the U.S.S.R. Three of the five non-communist countries receiving the bulk of Soviet-bloc credits are the densely populated countries mentioned earlier: the U.A.R., India, and Indonesia. According to the Draper Report, economic aid from the U.S.S.R. to the U.A.R. and Indonesia has been greater than that from the free world. The economic development of such nations within a framework of freedom stands in peril.

### **BETTER CORRELATION OF AID**

Two concerns underlie the stress on better correlation of assistance. One is that processes of review and consultation are necessary if the maximum benefit for the low-income countries is to be produced. The other is that a more obvious correlation of plans could enlist the dynamic public support that is required to give more help to the less developed countries. Neither of these concerns has been advanced very much during the past two years. But at least there is more awareness of the need for better correlation.

### **Role of the United Nations**

In a statement prepared for the latest session of ECOSOC, the Secretary-General proposed that the UN begin to serve as a clearing-house for some aspects of national and regional economic policies; and that it look toward the establishment of goals and priorities for economic growth in the less-developed world. This initiative moves in the direction urged some years ago by Lester Pearson, and supported by CCIA representatives: namely, that the UN act not merely as another operating organization in the field of development assistance, but that it serve as an agency for the review of various assistance efforts. It could help to set standards and call attention to urgent tasks and unmet needs. It is too soon to tell whether Mr. Hammar-skjold's overture will receive support from the larger contributing states.

Advocacy of a broader function for the UN does not imply a negative attitude toward its operational role. The importance of what the UN and its related agencies can do is being emphasized by events in Africa. When Henry Cabot Lodge, for



example, returned from a trip to several African countries he stressed the importance of a multilateral approach. He found that the emerging states "do not want help that they suspect is offered for selfish motives." In summarizing the recent ECOSOC debate President Schurmann of the Netherlands said that the various regional and bilateral arrangements "should not prejudice the interests of third countries and should complement and strengthen the functions of the United Nations and its specialized agencies." The UN Pledging Conference of October 1960 brought sizeable increases for both the UN Special Fund and the Expanded Program of Technical Assistance. However, the total pledged is still below the goal of \$100 million.

### **LARGER GRANTS AND MORE GENEROUS LONG-TERM LOANS**

The WCC Central Committee stated that "if at least one per cent of the national income of countries were devoted to these purposes, the picture would become much more hopeful." The present level of aid is closer to one-half of one per cent of world income. The latest UN reports indicate that a total of some \$3 billion in grants and public loans was given from all sources for the fiscal year ending in 1959. The reports also indicate that private foreign investment in the underdeveloped world amounted to roughly \$2 billion in 1958 (the latest year for which figures are available). This total of \$5 billion should be reduced somewhat, since only a portion of U.S. "defense support" funds, amounting last year to \$750 million, can be considered economic or development aid. This deduction, however, is offset by Soviet credits to certain low-income countries, not reported to the UN and hence not included in the totals, but estimated by Mr. Hoffman to average in recent years some \$700 million. This figure applies to non-communist areas; the unpublished Soviet credits to mainland China would no doubt increase the total considerably.

Mr. Hoffman, in his useful review of the overall development challenge, *One Hundred Countries—One and One Quarter Billion People*, comes to much the same conclusion as that expressed in the statement of the Central Committee. He estimates that international public and private development aid for the 100 countries and territories receiving UN assistance was approximately \$4 billion a year in the late 1950s. He judges that



this sum is sufficient to help produce a 3 per cent rate of economic growth in the underdeveloped world as a whole. But since the rate of population growth is nearly 2 per cent in these low-income societies, the per capita rate of increase in national income is only 1 per cent. As Mr. Hoffman says, "this figures out at an increase of \$1 per person per year, or a gain of only \$10 per person in ten years." This rate of improvement, he says, is dangerously low. He proposes as an essential goal for the 1960s a doubling of the general rate of economic growth, namely, an annual 2 per cent per capita.

### **Hope for increased exports**

Mr. Hoffman believes that the less developed areas can lift their merchandise exports to around \$378 billion during this decade, but that their import requirements to achieve or approach the above goal would need to be about \$440 billion over the ten-year period. The gap of \$62 billion, plus \$8 billion for debt service and transportation, comes to \$7 billion a year—nearly twice the level of aid in the late 1950s.

Mr. Hoffman thinks one-third of the additional amount might come from private investors; and hopes that the International Development Association might be enlarged both in finances and in purpose to provide the other two-thirds. The I.D.A., the new "soft loan" agency related to the International Bank, is currently capitalized at \$1 billion over a five-year period. Mr. Hoffman's proposal consequently would mean a ten-fold increase. The achievement of such a result would require a marked increase in the readiness of Western peoples and governments to enlarge appropriations for this purpose. Moreover, while the I.D.A. loans repayable in local currencies have some advantages over grants, in that the use of the repayments is a matter for agreement between lender and borrower, in the end the fundamental distinction is slight. Consequently, I.D.A. capital must be renewed by the high-income societies, if it is to continue to function.

In recent months the U.S.A. has taken new initiatives, which include a \$500 million Latin American program devoted largely to social development, a proposal for stepped-up aid in Africa, and a "food for peace" proposal to distribute surplus supplies. There are also some new undertakings under consideration in

Western Europe, partly in view of new pressures on the dollar consequent upon a decline in the U. S. export surplus. The U. S. position is that her European partners should finance a larger portion of their sales to less developed countries through enlarged assistance and/or carry a larger share of mutual defense costs to restore a better balance of payments. One response to the U. S. appeal is a joint foreign aid program under preparation by the European Economic Community (Common Market) for assistance to independent nations. This would be in addition to the existing special fund of \$580 million for aid to dependent territories.

In general, the upward trend of development assistance is unmistakable. The question is whether the movement is more than keeping pace with the mounting challenges shaped in considerable measure by the inadequate responses of the past.

### **ADJUSTMENTS IN DOMESTIC ECONOMIES TO MAKE MORE AID AVAILABLE**

An increase in private savings for foreign investment, an increase in taxation for public aid, or both, may be required, if a substantial increase is to be made in assistance for development. The World Council statement urged nations "to make the necessary adjustments in their economic policies." The statement wisely refrained from using the term "sacrifice" so often used in church statements in this connection, for the present and proposed levels of aid do not justify that term. Likewise, when governments argue that substantial aid must await disarmament, they give a wrong impression of the order of magnitude involved in assistance for development.

According to a table in Mr. Hoffman's pamphlet, per capita income for the more developed societies, based on 1955-7 figures, ranged from \$2,075 for the U.S., to \$875 and \$700 for most of the West European countries, to \$550 for the U.S.S.R. Hence, the average for the more developed societies is roughly \$700 per person per year, or somewhat less if Japan and Eastern Europe are reckoned in. The per capita extension of development aid of all forms, on the other hand, came last year to not more than \$5.50, of which more than half was in the form of public or private loans. The achievement of the minimal target set in the Central Committee statement would raise the total

only to \$7 per person. The dimensions of the problem indicate that an average per capita goal of \$10 would be a more realistic target. But in any case the personal or public adjustments required are by no means vast or impossible. A new survey by a UN agency estimates that the free societies with higher incomes are advancing at the rate of some \$46 per person each year, as compared with roughly \$3 in the poorer societies.

What is needed is a greater determination to win the struggle, a closer sense of solidarity with the developing peoples, who are caught in so many pressures from their rapidly changing social situation. The movement is in the right direction, but the pace is too slow for the course of contemporary history.

### **GREATER CONSIDERATION OF THE INTERNATIONAL EFFECTS OF TRADE AND MONETARY POLICIES**

The Central Committee statement underscored the impact of trade and monetary policies in higher-income societies upon programs for development. If low-income societies are to acquire the machines and skills they need to modernize their economies, they must be able to trade. Paul Hoffman's calculations for the 1960s assume that at least five-sixths of the import requirements of the less developed societies will be paid for by their exports. Indeed, if the hard loans are to be repaid, there will need to be additional exports to pay for them.

The statement also drew attention to the problem of stabilizing commodity prices. The chief reason for fluctuation in prices is the dependence of most of these countries on the export of one or two primary commodities. Consequently, the frequent fluctuations in the prices of these commodities have a major effect on their trading situation. During the 1957-8 recession, Mr. Hoffman points out, the prices of manufactured goods continued to increase, but prices of primary commodities dropped enough to reduce the export earnings by 7 to 8 per cent in this period. This meant a loss of \$2 billion in import capacity, "equivalent to about six years' lending by the World Bank . . . at 1955-1957 rates."

In fact, with the development of synthetic substitutes for some primary commodities, it becomes increasingly difficult for the non-industrial societies to trade on an equitable basis with those which are industrialized. Perhaps a rapidly developing



society like the U.S.S.R. provides an exception, but the domestic demand for manufactured goods places certain limits on the other side. Diversification of production is the common answer given to underdeveloped countries, but the number of commodities desired by the industrialized countries seems rather limited.

On the basis of figures in the new 1959 UN *Statistical Yearbook*, I calculate that the trade within the more developed areas accounts for roughly 53 per cent of world trade; that between the richer and poorer societies for about 35 per cent; and that within the less developed areas for about 12 per cent. These tables do not include Soviet trade figures. According to figures presented by Senator Jacob Javits, the trade between the Soviet bloc and the non-industrial free societies may be roughly equivalent at present to 2 per cent of the total indicated by the UN document. Both this percentage and the 35 per cent above should be capable of considerable expansion. Yet perhaps in the long run the main opportunity lies in the 12 per cent—the trade among the developing countries themselves. This does not offer immediate answers, for they need machines to produce new goods for export. But as they develop, and as a division of labor takes place, the potentialities for helping one another through trade seem large.

To realize such potentials requires more than a laissez faire approach. Regional planning and expert advice are needed to develop a rational division of labor and to improve the capacity of developing societies to trade with one another, as well as with the industrialized countries. No fruitful schemes for stabilizing primary commodity prices, except on the national level in one or two instances, have been put forward during the past decade. The experts say that the obstacles are formidable. If so, the way forward in the poorer continents may lie in extending as rapidly as possible the sectors of trade in which they are not disadvantaged.

This possibility, of course, should not distract attention from the main point of the fifth objective, namely, that the industrialized societies should be more sensitive to the impact of their trade and monetary policies upon the development prospects of their economically weaker neighbors. A considerate adjustment of trade policies to assist the latter could become a highly

significant means of accelerating economic development. This was pointed out a decade ago in the Rockefeller Report, *Partners in Progress*, but the relationship of trade policies to an international development strategy has generally been grossly neglected.



### **EXTENSION OF INTERNATIONAL PRIVATE INVESTMENT**

The sixth point rightly calls attention to the importance of the private sector of development assistance, and speaks of the need for both receiving and contributing countries to follow constructive policies so that such investment can be stimulated to share responsibly in the common task. The new UN report on the "International Flow of Private Capital" notes recent laws and decrees by four countries—Chile, Ghana, Pakistan, and Spain—as illustrative of an increasing tendency of underdeveloped countries to use tax and other incentives to attract foreign private capital. It also notes that the Federal Republic of Germany has introduced (1959) an insurance scheme offering protection against non-business risks for investors in underdeveloped countries, similar to those previously enacted by Japan and the United States. Thus there are signs of progress in the direction urged.

This UN report gives figures for net long-term private foreign investment in the less developed countries as \$1.2 billion in 1958. These are, of course, net of the reflow of funds to the more

advanced countries. The report also notes that the total does not include some \$500 million in French private investment in the franc area, or certain other Western investments in the oil-producing countries of the Middle East and North Africa. The gross total, it is estimated, may have reached \$2 billion in 1958. This was but two-thirds of the 1957 total, but that included an exceptional \$1 billion in oil investments in Venezuela. Thus the two billion dollar figure may be regarded as the present level, though account needs to be taken of export credits and financial aid by private international groups.

The pattern of private long-term capital investment in the less developed countries is a very uneven one, in regard to both investors and recipients. The bulk of such investments in 1958 came from 3 countries: U.S., \$1 billion; France, \$500 million; U.K., \$300 million. Moreover, Latin America received by far the largest amount of foreign private investment in 1958, as in earlier years, Brazil being the largest recipient. Aside from sizeable investments in the oil-producing countries of the Arab world, the shares for Africa south of the Sahara and for Asia were much smaller. In fact, net foreign private investments in the underdeveloped countries of Asia and the Far East have declined in recent years, mainly on account of a lower level of investment in the Philippines and increasing repatriations of capital from India.

It seems clear that, aside from areas producing strategic raw materials like oil, private capital is more attracted to the industrializing countries as some of the Latin American countries, which have already achieved a higher standard of living and are approaching an economic break-through or a more rapid phase of development, than to the non-industrial countries which desperately need capital to get started. This does not belittle the role private capital can play in the total effort. But it underscores the essential role of public capital, which can be guided by longer-range interests, in the initial phase of a development strategy.

### **HONORABLE ADMINISTRATION OF DEVELOPMENT PLANS**

The seventh point rightly emphasizes the importance of integrity in public administration, and the mutual confidence which rests upon it, for effective and sustained economic aid.



Incidents of misused funds can have a disproportionate effect in undermining public support for enlarged assistance in the higher-income countries. At the same time, it needs to be remembered that the lack of trained administrators of high calibre is almost by definition a characteristic of an underdeveloped country. If it had sufficient men with the training and attitudes necessary for running a modernized economy, the country would have cleared one of the major hurdles on the road to development.

It was in recognition of the need for more assistance in the politically delicate field of public administration that Mr. Hammarskjöld, two years ago, proposed an expansion of UN responsibility in this area. With much hesitation and qualification the 1958 General Assembly authorized the Secretary-General to undertake the provision of operational, executive and administrative personnel (a program usually referred to as OPEX) on a small and experimental basis. The usefulness of international civil servants helping in public administration is proving the case for the service, and it seems likely to grow as the need is more widely recognized. Also, the advanced training of indigenous personnel for this field is receiving more attention.

### IN CONCLUSION

It can be argued that in regard to a number of the key elements in a strategy for world development some headway is being made. The latest signs indicate a stepping up of assistance efforts. But the scope and gravity of the challenge are also growing. It becomes increasingly clear that this massive struggle cannot be won by half-way or half-hearted measures. Only a bold, concerted, and costly effort has a real chance of success, at least in regard to the critically situated countries. If churchmen are to help build the public support required for more worthy and imaginative undertakings, we need to look behind prosaic statistics. We must see the human beings who are caught in a maelstrom of rapid social change to which we all have contributed. We need to assert, beyond the prudential motives of national self-interest, the claims of international justice and solidarity. Unless recognition is given to these nobler claims, an adequate strategy of world development is not likely to emerge.



## How does world economic development affect the U.S.A.?

**S**ince 1938, world production of goods and services has grown tremendously. Excluding the communist bloc for which satisfactory data are not available but where production has increased rapidly, agricultural output in the non-communist world has expanded about 40 per cent, production of minerals and fuels by 94 per cent, and manufacturing by 160 per cent. Quite possibly, the increase over the twenty-two years in the output of services (trade, transport, government) has been even greater. World population over the same period increased by about 30 per cent. Thus the average of goods and services produced and consumed per capita is undoubtedly far higher than it has ever been before in the world's history; and it continues to rise.

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Improvement has not been equally distributed among geographic areas of the world. The significance of this economic growth for the United States differs according to the political and economic condition of the country involved. For purposes of this brief paper, these situations will be grouped under three headings—the Soviet-Sino bloc, the industrial countries of Western Europe and Japan, and the lesser developed countries.

### **THE SOVIET-SINO BLOC**

Economic development has proceeded rapidly in the communist countries. Their economic productive capacity has grown as a result of the full utilization of labor under centralized direction and discipline and emphasis on industrial expansion rather than on personal consumption. Even now, the Soviet Union, like the U.S.A., is not devoting its maximum effort to military purposes. Thus, further economic growth on the part of either nation is not very significant in terms of national defense. (China may add to our defense requirements at some point in the future, but presumably we have the economic capacity to meet any such added threat.)

Communist economic growth may lead to an expansion in trade with the outside world, which is not necessarily a bad thing. Both nations gain in such an exchange or it would not take place. However, Soviet trade and aid can be used as a weapon in specific situations to achieve economic domination and political penetration. The chief danger here is that some country in the free world might become so dependent upon communist trade that it would become subject to political pressure and blackmail. To prevent such situations from developing, world markets must be sufficiently open so that they will always provide an alternative if and when pressure develops.

### **Does trade lead to communism?**

Communist goods do not necessarily lead to communism any more than free world goods lead to freedom. However, trade cannot be separated entirely from other international contacts. The interchange and flow of persons may be much more important than goods. So far as economic growth is concerned, it is perhaps most important as a matter of demonstration. Economic growth has a great appeal as a proof of economic vitality.



Thus communist growth becomes a threat not so much as a form of power as an important advertisement in the effort to attract new supporters, particularly if it appears to exceed the growth rate of the United States.

### **THE INDUSTRIAL COUNTRIES**

Economic development has proceeded rapidly in Western Europe and Japan. Between 1938 and 1948, the manufacturing output in North America more than doubled, while it actually declined in Asia and Europe as the result of destruction by war. However, from 1948 to the last quarter of 1959, while manufacturing production in the U.S.A. rose 55 per cent, Europe's rose 125 per cent and Japan's 285 per cent.

Most of the expansion in each country has gone to satisfy home demands, but foreign trade has also increased greatly. Foreign goods have become more competitive both in the U.S. market and in third countries. This expansion in trade has been encouraged by the fact that foreign exchanges have achieved a substantial degree of convertibility and various trade barriers—quota restrictions, tariffs, and exchange controls—have all been greatly reduced.

### **Conflict between protection and free enterprise**

Although U.S. exports have also increased substantially in the postwar period, the problems created for us by the improvement in foreign capacity to produce are the ancient ones of conflict between protectionism and free enterprise. While the volume of imports into the United States is very small compared with our total national production, it has pressed heavily on a few industries. Some, such as the automobile industry, have met the foreign challenge by new products and lower prices.

Under present conditions, our trade policy is subject to frequent review by Congress, and the degree of protection received by individual items can be reconsidered upon application from the industry concerned. Although in general we have followed a policy of lowering trade barriers, it has never become a permanent part of national policy. This creates uncertainty in the minds of foreign producers as to continuing access to the American market and weakens our international position as a leader in the drive for increasingly free world trade.

## **Expanded trade benefits the U.S.A.**

Adjustment to competition is an inevitable part of the process whereby we continue to improve the efficient use of our resources. Since the burden is local while the benefits are widespread, there is much to be said for a national policy which facilitates the transfer of labor and other resources out of obsolete or high-cost activity into new forms of production. Since there is a basic interrelationship between imports and exports, the choice to continue and even to expand trade seems wiser national policy than to cut down on both and thus restrict the full operation of our efficient export industries. While adjustments may be required from time to time, there can be no doubt but that in the long run expanded trade is in our own interest.

## **THE LESSER DEVELOPED COUNTRIES**

Economic development has not proceeded rapidly enough in the lesser developed countries. These are the areas ranging from India to the Congo, from Haiti to Lebanon, from Cyprus to Mozambique. Many of them have recently achieved political independence and an added number are still to do so. In all these areas, there is a pressing demand for economic improvement. The political survival of those in power is closely related to the amount of popular discontent resulting from the gap between popular economic anticipation and popular economic realization. The achievement of orderly progress requires the deflation of impractical anticipations and the speeding up of economic improvement.

## **Economic and political development must come from within**

Economic development and social and political stability cannot be imported but can be obtained only within each country itself. Assistance can come from outside, but aid will be effective only when it is used constructively and when the new strains resulting from change do not lead to destructive disorder. However, in today's atmosphere, failure to progress is likely to lead to the overthrow of old institutions and symbols of power quite as much as too rapid change.

The next decade promises to be very difficult for these countries, particularly those with no experience in self-rule and the

self-discipline required by economic and political order. Lacking skilled manpower, capital, technical skill, and management experience, they can make only very slow progress by themselves. To a considerable degree, experience and resources for development can be imported from abroad, but the concepts of independence and nationalism for which many of them recently have fought are still so strong that foreign aid is often suspect and even unwelcome.

These countries are important members of the world community, encompassing most of the world's area and its population. In their resources are raw materials needed by the industrial countries. As they develop, they will grow as markets for capital and consumer goods. However, their importance is not only economic but social and political.

It has been estimated that the gross national product in the industrial countries of the free world is increasing at about 4.5 per cent while the increase in the less industrialized free countries is only 2.5 per cent per year. A widening gap between the two groups will not only cause ill-will and international friction, but it also is disturbing to those who are concerned about poverty, disease, and ignorance, wherever they may be found.

### **The contribution of the United States**

The answer the U.S.A. can give to this situation depends on our performance and our attitude. The actual amount of aid that can be productively absorbed by these countries in any one year is limited and well within the capacity of the free world to provide, though more can be used than is on present schedules. Even if it is provided, there is no assurance that any particular political and social ends will be achieved. The most that can be said is that these countries will have been given a somewhat better opportunity to shape their own future. At least, we should do all that we can to make it possible for them to develop as free and independent nations.

More important even than the details of our aid programs is the impression of our attitude which we create. Our political processes often make us appear to be grudging and critical, although substantial appropriations are approved in the end. Even the matter of whether or not aid is to be repaid sometime in the future is not a matter which should be regarded as of any



great importance. We must find a better way to establish our position as the champion of their rights and supporter of their economic objectives. We must persistently and enthusiastically associate ourselves with economic progress.

## **MORE ECONOMIC PROGRESS, NOT LESS, IS NEEDED AROUND THE WORLD**

Modern technology, the use of increasing amounts of capital, and better systems of economic organization have opened up great possibilities for rising levels of production and better living. Increased productivity always requires various adjustments but, whether in the United States or in the heart of Africa, these are made most easily when living standards are rising and the economic future seems bright. Our worry should be that not enough progress is being made, for failure in this area will make more difficult the maintenance of freedom and the preservation of peaceful living.

*For a somewhat more detailed analysis of the problems discussed above, see FOREIGN ECONOMIC POLICY FOR THE TWENTIETH CENTURY. Special Studies Project Report III, Rockefeller Brothers Fund. Doubleday, New York, 1958, 75c.*

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## **OUR WORLD IN MINIATURE**

*If the present population of the world could be represented by a thousand persons living in a single town, 60 persons would represent the population of the U.S.A. and 940 all the other nations. The 60 Americans would have half the income of the entire town; the 940 persons would share the other half. Three hundred and three persons in the town would be white; 697 would be non-white. The 60 Americans would have an average life expectancy of 70 years; that of the 940 would be under 40 years. The average Christian American family would be spending \$850 a year for military defense, and less than \$3.50 a year to share with other residents the knowledge of why they are Christians.*

—HENRY SMITH LEIPER



## Education and the changing image of the overseas American

**P**olicy is not all that matters in our foreign relations. The persons who negotiate and execute policy may make or break our ties with other nations regardless of the policy itself.

Nor is the government all that matters in overseas affairs—even if personnel as well as policy is taken into account. Busi-

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By Ernest S. Giffith, Dean, School of International Service, the American University, Washington, D. C.

ness men, missionaries, educators, and myriad others play their part in forming the American image overseas.

Nor are those formally employed the only ones that count. Wives usually have more spare time than their husbands, and their tact and friendly interest—or the opposites—are often decisive in the success or failure of a man's mission or occupation.

### **One million Americans live abroad**

Over 100,000 civilian Americans are employed overseas, and many more than 100,000 are abroad in the armed forces. Families bring the number of Americans residing abroad to well over a million.

Of these, many—such as foreign service officers of the State Department, or missionaries—make lifetime careers of overseas employment. For others, such work is an episode. Midstream in a professional career, a man may serve abroad as a technical assistant or participate in a military or business mission.

Who is most important among these Americans overseas? Is it the foreign service officer who is our official representative? Is it the business man, characteristic of civilian America in his energy and organizing drive? Is it the educator, perhaps a visiting professor of American studies at a university in India or Germany? Is it the missionary who comes to serve his God and the children of his God as a fraternal worker? Is it the liaison representative of democratic American trade unionism, who works with the forces of free trade unionism overseas against communist infiltration and domination? Is it the Point IV specialist in engineering, public health, administration, agriculture, who is dedicated to building the kinds of institutions that will raise the standard and improve the quality of living of underdeveloped peoples? Is it the military adviser or commander bringing the strength, the will, and the techniques to resist the enemy at the gates?

However much one lengthens the list, the answer to such questions as these is a simple one: "He is most important who serves skilfully and devotedly, almost regardless of his task." Skill can be acquired; devotion is of the nature of personality, dedication and religious faith. Can these, too, be developed through an educational program?





### **Training center for overseas workers**

The School of International Service of the American University was made possible by a gift of \$1,000,000 from the General Conference of the Methodist Church. The dream that gave it birth was for a center in which men and women could be educated in the best sense of the word for careers overseas. It was to be inspired by the Protestant ideal of freedom and set in a Christian environment. The curriculum was to confront students with Christian philosophy and values.

The dream has become a reality. The School's educational facilities are open to both undergraduates and graduates, provided they meet exacting academic and personality criteria. The School is for "honor" students in every sense of the word, for the demands overseas are not for the mediocre.

The undergraduate curriculum builds heavily upon traditional liberal arts values, but finds them in exciting new media. For example, a course in American Civilization extending over two years gives the student insights into what has made America. It also gives a sense of the institutions and culture of our contemporary order—including our religion. A similar course in Human Behavior draws upon elements in psychology, sociology, and anthropology for those factors which enable the student to understand other cultures, the clash of cultures—and himself. In his freshman English course, a sophomore philosophy course, and elsewhere, the student is confronted with a

sense of the overriding importance of his quest for a satisfactory personal philosophy and religious faith—and he is given assistance in identifying the elements and questions that really matter in this search.

### **Programs vary to meet student needs**

Differing student objectives are satisfied by variations in the programs preparatory to the foreign service, overseas business, missions, overseas labor, and a number of others. Students desiring to concentrate much of their study in a specific geographic area of the world will find rich course offerings in each of the major areas.

Ability to communicate is a “must” for each student. Training for this function includes choosing from a galaxy of foreign languages, but it also includes oral presentation and “role playing” in written reports. At a deeper level it includes development of the capacity to transmit and receive ideas across cultural barriers.

With approaches of this type, it is not surprising that the School has already become the “chosen instrument” for a number of special programs. The Business Council for International Understanding, a group of some seventy of the outstanding business firms with overseas connections, is sending groups of executives to the Center for four to six weeks of training. The AFL-CIO has given ten full tuition scholarships to enable labor leaders to train for overseas and international labor assignments. The Navy is utilizing the School for full-time graduate work in international relations for a number of its brilliant young officers. The State Department is sending a number of foreign service officers for training preparatory to assignments as labor attaches.

Through groups such as these, as well as through its regular students, the School is making its contribution to successful overseasmanship—in cultural empathy, in a grounding in the best in American civilization, in ability to communicate, in development of a satisfying personal philosophy. The American overseas, whatever his particular occupation, is in a real sense a representative of his country. To this dimension of his education, the School of International Service is dedicated—in a Christian atmosphere and with a Christian confrontation.

## THE WORLD OF NATIONS

*(Section One of "The Call to Christian Action in Society," adopted by the General Synod of the United Church of Christ, July 8, 1959.)*

We live in a world of nation states, constantly growing in number. This world has become so interdependent and inter-related that nearly every action has an appalling number of relations and effects. The power struggle is therefore greatly intensified, particularly between communist and non-communist states.

Deeper than the divisions, however, is mankind's essential unity under God. Deeper also are the common danger, the common need, the common hope. Nations must therefore develop a larger measure of mutual confidence through more creative use of peaceful methods for relieving international tensions.

In the contemporary situation each nation will inevitably seek to maintain military force at a level considered necessary to national security. We must, however, avoid the militarization of United States foreign policy. We should strive for the development of an effective and enforceable body of international law.

We therefore call upon our churches and their members to pray and work:

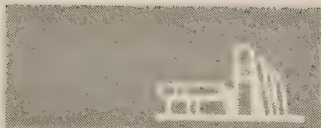
For peace, justice, and the welfare of all nations and peoples;  
For the United Nations as a major resource for the settlement of disputes, for peaceful change, and for economic and social development; . . .

For creative sharing among nations of persons, ideas, and skills; . . .

For the use of our wealth, personal resources, and trade policies in a world-wide attack upon human misery; . . .

For the extension and strengthening of the world-wide Christian community, that it may help to provide spiritual foundations for a world community, combat ignorance, superstition, and traditional social evils, and serve as a reconciling fellowship among all peoples.





## STRATEGY FOR WORLD ECONOMIC DEVELOPMENT

**The Stages of Economic Growth,**  
by W. W. Rostow. New York:  
Cambridge University Press,  
1960, 179 pp. Cloth, \$3.75;  
paper, \$1.45.

Certainly the most provocative piece of economic analysis to appear in many decades, this book fully develops the thesis first set forth by Rostow at Cambridge University in 1958. He calls it "an economic historian's way of generalizing the sweep of modern history." This is not, however, an economic interpretation of history in the usual sense as indicated in the book's subtitle, *A Non-Communist Manifesto*. It is Rostow's announced intention to present "an alternative to Karl Marx's theory of modern history."

Rostow tells us further that, "although the stages-of-growth are an economic way of looking at whole societies, they in no sense imply that the worlds of politics, social organization, and of culture are a mere superstructure built upon and derived uniquely from the economy." He insists, rather, that "societies are interacting organisms."

The heart of the Rostow thesis is his assertion that "it is possible to identify all societies, in

their economic dimensions, as lying within one of five categories." The first of these is the traditional society, "one whose structure is developed within limited production functions, based on pre-Newtonian science and technology." The second stage of growth involves societies in the process of transition, beginning "to exploit the fruits of modern science." During this stage one of the decisive political features to appear is the building of an effective centralized national state, often in the process of breaking away from a colonial power.

The third stage involves a term Rostow has introduced to the vocabulary of economic analysis: the take-off. He calls it "the great water-shed in the life of modern societies," during which the forces making for economic progress expand and come to dominate the society. Great Britain reached this stage first, during the period 1783-1802; France, between 1830 and 1860; and the United States came next (1843-1860), followed by Germany (1850-1873), and Japan (1878-1900). Russia reached this stage during the period 1890-1914; in a separate

chapter Rostow shows that Russian growth is "a remarkable parallel" to that of the United States of an earlier time. He further notes that the tentative date of 1952 as the beginning of take-off for both India and China is subject to the reservation that "it is still too soon to judge either the present Indian or Chinese Communist take-off efforts successful."

It should be abundantly apparent by now why the reviewer has chosen Rostow's work as the obvious place to begin the further study of world economic development. It is economic analysis in rich historical perspective, with full awareness of political realities and possibilities. Just as the success or failure of the Chinese take-off will be heavily influenced by future Soviet-Chinese relationships, so the future of India's take-off will be determined in considerable part by India's economic relationship to the United States and other Western powers.

Rostow's fourth stage of economic growth is the period of a drive to maturity, "a long interval of sustained if fluctuating progress." Assuming that the period of take-off is roughly twenty years, the following forty years have generally seen the attainment of maturity. During this period, "the make-up of the economy changes unceasingly as technique improves, new industries accelerate, older industries level off."

Finally, there arrives the age of high mass-consumption. With an economic emphasis upon consumers' goods and services there has come through the political process the increased allocation of resources to social welfare. Most interesting in Rostow's treatment of his fifth stage is his contention that "the decisive element has been the cheap mass automobile with its quite revolutionary effects—social as well as economic—on the life and expectations of society." This is supported by detailed tables of the numbers of private automobiles in use in the major nations, year by year, from 1900 to 1958.

Rostow's excellent work closes with a useful discussion of the relationship of war and peace to the stages of economic growth. This includes an elaboration of the common Soviet and American interest in achieving control of nuclear arms before the rise of the new super powers of tomorrow—a sobering aspect of world economic development.

**One Hundred Countries—One and One Quarter Billion People: How to Speed Their Economic Growth and Ours in the 1960s**, by Paul Hoffman. Published by the Lasker Foundation; distributed by the Committee for International Economic Growth, 1028 Connecticut Ave., N.W., Washington 6, D. C., 1960, 62 pp., 50c.

Outstanding among the growing number of available pamph-

lets on the subject is this analysis by the present Managing Director of the United Nations Special Fund. Using United Nations statistics, Hoffman concentrates his attention on those countries (and territories—many of which are soon to join the United Nations) in which the annual income is less than \$700 per person. In three-fourths of these places the figure is actually less than \$200, and Hoffman makes useful proposals for solving their many problems. The Committee for International Economic Growth publishes a significant monthly newsletter, *Economic World*, and other materials.

*“Economic Development—The Role of the United Nations Family,” Technical Assistance Newsletter, No. 65, Aug.-Sept. 1960, issued by the United Nations Office of Public Information in Collaboration with the Technical Assistance Board, 16 pp., free.*

Valuable for an understanding of the functions performed by the numerous United Nations agencies in economic development is this issue of the monthly newsletter. A mailing list is maintained for those having a special interest in the field.

*“Framing a Development Program,” by Gustav Papanek, International Conciliation, No. 527, March 1960. New York: Carnegie Endowment for International Peace, 68 pp., 35c.*

A scholarly but readable treatment of the problem of developing criteria to guide the making of decisions concerning the composition of programs for development and technical assistance. Useful summaries are given of the points of view of other writers in the field—Jan Tinbergen, Albert Hirschman, and Benjamin Higgins in particular, whose works are of a more academic nature.

**The American Citizen's Stake in the Progress of the Less Developed Areas of the World,** by Eugene Staley, for the U.S. National Commission for UNESCO. Washington: U. S. Government Printing Office, Revised Edition 1957, 77 pp., 50c.

A discussion outline and work paper prepared initially for use in connection with the program of citizens consultations sponsored by UNESCO. Raises searching questions.

**Foreign Economic Policy for the Twentieth Century,** Rockefeller Brothers Fund Special Studies Project Report III. Garden City, N.Y.: Doubleday & Company, 1958, 82 pp., 75c.

The “Rockefeller Report” on United States international economic policy, in which trade and aid programs are evaluated in terms of the special problems of the underdeveloped countries.

—By VERNON FERWERDA,  
Professor, Trinity College,  
Hartford, Conn.





## GOD'S WORD TO ISRAEL—AND TO US

### Hymns

When Wilt Thou Save the  
People?

Our Fathers' God, from out  
Whose Hand

I Thank Thee, Lord, for the  
Strength of Arm

### Scriptural meditation (to be adapted by the leader to the particular occasion)

In this service we shall seek through scripture to understand, before God, our responsibility for today. Long ago God spoke to our fathers through the lips of Moses and the prophets, Jesus Christ and his apostles. The situations with which they dealt differed from our own in details, but their vision of God and his will remains our guide.

*Deuteronomy 5:6-21; 8:17-20;  
24:10-22*

Sometimes simple statements may not be clear after all. For instance, when might a business deal that is legal be "stealing"? When might withholding a gift we could give be theft from the one in need? If the Israelites could not say that they gained power and wealth by their own hand, can we? If God's power to give blessings includes the pow-

er to destroy, might he also destroy us? If justice is tested by what happens to the needy, must Africa be included in our reckoning?

In Deuteronomy, the law of justice, based on God's love to his people, is presented in a setting of narrow nationalism. Such prophets as Hosea and Isaiah began to ask with agonized seriousness what it means to say that there is but *one* God and Father of *all* mankind. Even God's love for his own people cannot shield them from the punishment which universal justice demands. *Hosea 11:1-9*: Such a God must find his love of his creatures and his moral rigor combined to his own anguish.

*Isaiah 10:1-4; 5:25-29; 10:5, 6, 12*

God's power can use even a defiant Assyria to punish his own people. But Assyria then comes under the same judgment if it fails to fulfill God's purposes. Is God using the nations today in like manner? What does God demand of his chosen instruments?

*Isaiah 1:10-17*

Does this mean that the church is not God's chosen in-

strument? What would it take for it to be? Is the church an effective means to justice, or to the expression of redeeming love?

*Matthew 5:17-26; 5:43-48; 7:1-12*

How can Jesus fulfill the law and the prophets when he sets himself against the tradition? Note that he emphasizes the inner attitude of love as necessary to the fulfillment of the social ethic of justice. This is the core of the wisdom of Christ which we have blindly ignored; therefore we have failed in our search for justice. Love is not a sentimental alternative to justice, but a spiritual prerequisite. Therefore the Golden Rule is not a simple and easy natural ethic, but a demand that we enter into an understanding of the needs of others, and an identification with them as deep and strong as that of Christ himself. The followers of Jesus understood what he meant.

*II Corinthians 9:1-15; James 2:14-20; I John 3:14-18*

The Bible sets some things forth clearly. We all are absolutely dependent upon God's power and love. Because he has loved and blessed us—sometimes with bounty and sometimes with instructive suffering—we love and serve him. We serve by recognizing our inseparability from our neighbor and by serving his need. Worship is false if it is an end in itself; but it is essential if we are to draw

from God the guidance and strength to witness to him in the world. No words or feelings or deeds are a substitute for love. Only he is Christian whose thought and action are ruled by love rather than fears or hates; who allows no human difference to obliterate identification with every person in need through Jesus Christ the redeemer of every relationship.

### **Prayerful meditation**

Let us pray that God may so fashion our hearts by fellowship with Christ, that we may grow:

- Beyond love of pocketbook to the exercise of redeeming love through giving;
- Beyond love of our own nation to unity in the bonds of need with all men, including enemies;
- Beyond thankfulness for our luxurious privileges to thanks for trials and opportunities beyond our power;
- Beyond pride in our personal and national achievements to humble recognition that we do nothing without God's power, and that without the gift of the Holy Spirit in Christ we are neither redeemed nor instruments of redemption.

Make us, O God, instruments of thy peace and love and justice through Jesus Christ our Lord.  
*Amen.*

—Prepared by DR. HUGO W. THOMPSON, professor, Macalester College, St. Paul, Minn.



- JANUARY 27-29** Council for Christian Social Action. The Inn, Buck Hill Falls, Penna.
- FEBRUARY 7-10** Churchmen's Washington Seminar, Washington, D. C. (For information, Congregational Christians should write to Dr. Ray Gibbons, CCSA, 289 Park Ave. South, New York 10, N. Y.; Evangelical and Reformed to Dr. Huber F. Klemme, 2969 W. 25th St., Cleveland 13, Ohio.)
- JUNE 19-23** Christian Social Action Institute, White Memorial Retreat Center, Mill Valley, Calif.
- JUNE 20-AUGUST 9** Africa Tour, forty-nine days in eleven countries. Leaders: Rev. and Mrs. Herman F. Reissig.
- JULY 10-14** Christian Social Action Institute, Lakeland College, Sheboygan, Wisc.
- JULY 17-21** Christian Social Action Institute, Blue Ridge Assembly of the YMCA, Black Mountain, N. C.
- JULY 24-28** Christian Social Action Institute, Massachusetts Congregational Conference Center, Framingham, Mass.
- JULY 24-AUGUST 13** Caribbean Seminar. Leader: Rev. F. Nelsen Schlegel.

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